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IN THE

Supreme Court of the United States

OCTOBER TERM, 1979

No. 79-669

DAWSON CHEMICAL COMPANY,
CRYSTAL MANUFACTURING CORPORATION AND
CRYSTAL CHEMICAL COMPANY,
Petitioners,

v.

ROHM AND HAAS COMPANY,
Respondent.

ON WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS
FOR THE FIFTH CIRCUIT

REPLY BRIEF OF PETITIONERS

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INDEX

		Page
I.	The Briefs of Rohm and Haas and the Amici are Dominated by Irrelevancies	1
II.	The Only Issue in This Case is Whether it is Misuse for a Patent Owner to Condition a License to Practice a Patented Invention on the Purchase of a Nonstaple From the Patent Owner	3
III.	The 1952 Patent Act Does Not Give a Patent Owner Exclusive Rights to Anything Other Than His Invention	6
IV.	Rebuttal to Rohm and Haas' Arguments on Legislative Intent	13
	1. It is the intent of Congress, not the intent of witnesses before Congressional Committees, which is of importance	13
	2. Neither the testimony before the House Committee which approved § 271 nor the Committee Reports indicate an intention to change the law to approve conditioning a license on the purchase of nonstaples	17
V.	Compulsory Licensing Is Not an Effect of a Finding of Misuse in this Case	22
VI.	The Economic, Incentive and Public Policy Arguments Made Are Equally Applicable to Staples	25
Conclusion		32
Addendum		A-1

TABLE OF AUTHORITIES

Cases

Ansul Co. v. *Uniroyal, Inc.*, 448 F.2d 872 (2 Cir. 1971)	30
Ansul Co. v. *Uniroyal, Inc.*, 306 F. Supp. 541 (S.D. N.Y. 1969), aff'd., 448 F.2d 872 (2 Cir. 1971)	5
Aro Manufacturing Co. v. *Convertible Top Replacement Co.*, 377 U.S. 476 (1964)	14

	PAGE
Austasia Intermodal Lines, Ltd. v. *Federal Maritime Commission*, 580 F.2d 642 (D.C. Cir. 1978)	16
Barber Asphalt Corp. v. *La Fera Grecco Contr. Co.*, 116 F.2d 211 (3 Cir. 1940)	30
B.B. Chemical Co. v. *Ellis*, 314 U.S. 495 (1942)	6, 10, 22, 24
B.B. Chemical Co. v. *Ellis*, 117 F.2d 829 (1 Cir. 1941)	10
B.B. Chemical Co. v. *Ellis*, 32 F. Supp. 690 (D. Mass. 1940)	10
Carbice Corp. v. *American Patents Development Corp.*, 283 U.S. 27 (1931)	6, 9, 10, 22
Citizens to Preserve Overton Park, Inc. v. *Volpe*, 401 U.S. 402 (1971)	13
Deepsouth Packing Co. v. *Laitram Corp.*, 406 U.S. 518 (1972)	13, 21
Ernst & Ernst v. *Hochfelder*, 425 U.S. 185 (1976)	16
First National Bank of Logan, Utah v. *Walker Bank and Trust Company*, 385 U.S. 252 (1967)	16
Gemsco v. *Walling*, 324 U.S. 244 (1945)	14
Globe Linings, Inc. v. *City of Corvallis*, 555 F.2d 727 (9 Cir. 1977)	7
Gottschalk v. *Benson*, 409 U.S. 63 (1972)	25-26
Graham v. *John Deere Co.*, 383 U.S. 1 (1966)	20, 25
Henry v. *A. B. Dick Co.*, 224 U.S. 1 (1912)	31
Holtzman v. *Schlesinger*, 414 U.S. 1304 (1973)	16
Leitch Mfg. Co. v. *Barber Co.*, 302 U.S. 458 (1938)	5, 6, 9, 10, 22
McCullough Tool Co. v. *Well Surveys, Inc.*, 343 F.2d 381 (10 Cir. 1965)	5
Mercoid Corp. v. *Mid-Continent Investment Co.*, 320 U.S. 661 (1944)	6, 8, 10, 12, 24, A-1
Mercoid Corp. v. *Minneapolis-Honeywell Reg. Co.*, 320 U.S. 680 (1944)	8, 9, 10, 12, A-1
Monsanto Company v. *Rohm and Haas Company*, 312 F. Supp. 778 (E.D. Pa. 1970), aff'd., 456 F.2d 592 (3 Cir. 1972), cert. denied, 407 U.S. 934 (1972)	7
Morton Salt Co v. *G. S. Suppiger Co.*, 314 U.S. 488 (1942)	10, 22
Motion Picture Patents Co. v. *Universal Film Mfg. Co.*, 243 U.S. 502 (1917)	7, 9, 10, 21, 29, 31
National Labor Relations Board v. *Fruit and Vegetable Packers and Warehousemen, Local 760*, 377 U.S. 58 (1964)	16

	PAGE
National Labor Relations Board v. *Plasterers' Local Union No. 79*, 404 U.S. 116 (1971)	14
Oscar Mayer & Co. v. *Evans*, 441 U.S. 750 (1979)	15
Parker v. *Flook*, 437 U.S. 584 (1978)	25
Ramspeck v. *Federal Trial Examiners Conference*, 345 U.S. 128 (1953)	15
Red Lion Broadcasting Co. v. *Federal Communications Commission*, 395 U.S. 367 (1969)	15
Regional Rail Reorganization Act Cases, 419 U.S. 102 (1974)	14, 15
Rohm and Haas Co. v. *Owens-Corning Fiberglas Corp.*, 196 U.S.P.Q. 726 (N.D. Ala. 1977)	4
Schwegmann Bros. v. *Calvert Distillers Corp.*, 341 U.S. 384 (1951)	11, 15, 17
State of Arizona v. *State of California*, 373 U.S. 546 (1963)	16
Transcontinental & Western Air, Inc. v. *Civil Aeronautics Board*, 336 U.S. 601 (1949)	14, 15
United States v. *Emmons*, 410 U.S. 396 (1973)	15
United States v. *Fairfield Gloves*, 558 F.2d 1023 (C.C.P.A. 1977)	16
United States v. *International Union*, 352 U.S. 567 (1957)	17
United States v. *Johnson*, 323 U.S. 273 (1944)	14

Statutes

U.S. Const. art. I, § 8, cl. 8	14
35 U.S.C. § 100	8
35 U.S.C. § 103	20
35 U.S.C. § 112	7, 12
35 U.S.C. § 154	6, 12, 28
35 U.S.C. § 271	5, 7, 8, 16, 17, 18, 20, 21
35 U.S.C. § 271(b)	20
35 U.S.C. § 271(c)	7, 8, 19, 20, A-1, A-2, A-3, A-4
35 U.S.C. § 271(d)	2, 7, 8, 12, 13, 19, 20, 25, A-1, A-2, A-3, A-4

Miscellaneous

	PAGE
98 Cong. Rec. 9323, 82d Cong., 2d Sess., July 4, 1952	21
H. Einhorn, 14 *Business Organizations — Patents, Patent Licensing Transactions* (1979)	3
Hearings on H.R. 5988 Before the Subcomm. on Patents, Trademarks and Copyrights of the Comm. on the Judiciary, House of Representatives, 80th Cong., 2d Sess. (1948)	14-15, 18
Hearings on H.R. 3866 Before Subcomm. No. 4 of the Comm. on the Judiciary, House of Representatives, 81st Cong., 1st Sess. (1949)	15, 18, 19
Hearings on H.R. 3760 Before Subcomm. No. 3 of the Comm. on the Judiciary, House of Representatives, 82d Cong., 1st Sess. (1951)	7, 18, 19, 20, A-1, A-2, A-4
H.R. Rep. No. 1923, 82d Cong., 2d Sess. (1952)	17, 20, 21
M. Nelson, *Mercoid-Type Misuse is Alive*, 56 J. Pat. Off. Soc. 134 (1974)	22
Note, *Contributory Infringement and Misuse — The Effect of Section 271 of the Patent Act of 1952*, 66 Harv. L. Rev. 909 (1953)	21
Note, *Regulation of Business — Patents — Effect of Section 271 on the Doctrine of Contributory Infringement*, 55 Mich. L. Rev. 1151 (1957)	21
Note, *Section 271(b) of the Patent Act of 1952: Confusion Codified*, 66 Yale L. Jour. 132 (1956)	22
J. Scafetta, *Ten Years After Aro II: The Effect of Patent Act § 271 on the Patent Misuse Doctrine*, 26 S.Ca. L. Rev. 539 (1975), reprinted in 58 J. Pat. Off. Soc. 69 (1976)	22
J. Scafetta, *The Constitutionality/Unconstitutionality of the Patent Infringement Statute*, 59 J. Pat. Off. Soc. 665 (1977)	22
S. Rep. No. 1979, 82d Cong., 2d Sess. (1952)	17, 20, 21

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REPLY BRIEF OF PETITIONERS

I. The Briefs of Rohm and Haas and the Amici are Dominated by Irrelevancies.

The arguments made by Rohm and Haas and its numerous amici supporters are in large part irrelevant because they fail to focus on the real issue in this case, being directed instead to questions which are outside the scope of the Question Presented in the Petition. This Question could have been stated in a variety of ways.

One example follows:

> Does §271(d) of the Patent Laws permit the owner of a method patent to condition licenses to practice the patented method on the purchase from him of a non-staple used in the practice of the patented method?

In their zeal to convince the Court that the Court of Appeals' decision in this case is correct, Rohm and Haas and several amici have presented their own Questions which raise issues outside the narrow scope of that presented by Petitioner. For example, Rohm and Haas' Question omits any reference to conditioning a license, monopoly on nonstaples or tying arrangements, and instead is directed to a non-existent compulsory licensing issue.

In addition, the arguments made are based almost entirely on erroneous assumptions. In order to properly evaluate these arguments it is helpful to bear in mind that:

(1) Rohm and Haas invented a method for using propanil, not propanil itself.

(2) Petitioners do not contend that it is misuse for Rohm and Haas to merely sell propanil and sue others who do so; the misuse is in conditioning licenses on the purchase of propanil, i.e., the coercion of users.

(3) Petitioners' position does not require reading a compulsory licensing provision into the law.

(4) The public policy, incentive and economic arguments which they make are as applicable to staples as to nonstaples.

As we shall show, when viewed with these points in mind, the arguments opposing Petitioners collapse.

II. The Only Issue in This Case is Whether it is Misuse for a Patent Owner to Condition a License to Practice a Patented Invention on the Purchase of a Nonstaple From the Patent Owner.

Major portions of the briefs supporting Rohm and Haas' position are devoted to arguments concerning whether the patent owner has the right to sue contributory infringers, or to sell nonstaples, or to withhold licenses from competitors. These are not issues in this case.

We do not contend that the sale of a nonstaple by the patentee is a misuse; we only contend that he can't use his patent to monopolize such sales.

We do not contend that the patentee cannot sue contributory infringers; we only contend that he cannot use such suits to coerce those who wish to use his invention into purchasing nonstaples from him.

We do not contend that a patentee is compelled to license others to sell nonstaples; we only contend that he cannot condition licenses to use his invention on the purchase from him of unpatented nonstaples.

Rohm and Haas can sell propanil with an implied license to use its patented invention, it can license others to sell propanil with such an implied license (or refrain from licensing others), and it can sue others who sell propanil without such an implied license, or it can do any combination of these without being guilty of misuse. But if it conditions a license to use the patented process on the purchase of propanil it is guilty of misuse.

There are many legitimate ways of profiting from the invention. Rohm and Haas and the amici reject most of these as "impractical" or "not realistic". The simplest procedure is by means of the commonly used "label license."[1]

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[1] See H. Einhorn, 14 *Business Organizations — Patents, Patent Licensing Transactions*, pp. 1-15 to 1-17 (1979).

Such a license, stated on a label or an invoice, advises the purchaser of the unpatented material that the price includes a prepaid royalty to practice the patented process, and that licenses may be obtained from the seller on equivalent royalty terms if the unpatented material is purchased from another source. Examples of such labels are in the Addendum. Rohm and Haas itself has used this method to exploit another process patent, *see Rohm and Haas Co.* v. *Owens-Corning Fiberglas Corp.*, 196 USPQ 726, 734 (N.D. Ala. 1977), and has obtained a court ruling that such a policy is not misuse. 196 USPQ at 743.

If Rohm and Haas adopted this procedure for its commercial exploitation of the Wilson patent it could license Petitioners and others, who would bear the burden of sublicensing users, and could also sue as contributory infringers those who furnished propanil without making sure that users were licensed. This would enable Rohm and Haas to profit from the royalty from licenses as well as from its sales of propanil, and there would be no misuse, because it would no longer be tying the license to the purchase of propanil.

Rohm and Haas argues that it is not guilty of tying licenses under its patent to the purchase of propanil, because the alleged tying is merely "the inevitable operation of the legal doctrine that purchasers from Rohm and Haas automatically receive authorization to practice the patented method" (RB 50). This, again, misconstrues the nature of the misuse. Misuse does not arise from selling propanil with the implied license nor from suing Petitioners nor from doing both. There would be no misuse if licenses were available to users other than with the purchase of propanil. It is the granting of a license with the purchase of propanil together with the *refusal* to grant a separate license which gives rise to the misuse. At least two courts of appeals which have considered this issue since the enactment of

§ 271 have agreed that this is misuse. *See Ansul Co.* v. *Uniroyal, Inc.*, 306 F.Supp. 541 (SD NY 1969), affd. 448 F.2d 872, 882, note 4 (2 Cir. 1971); *McCullough Tool Co.* v. *Well Surveys, Inc.*, 343 F.2d 381, 404-407 (10 Cir. 1965).

Nor is it of any importance that no *express* "conditioning" licenses have been granted. This Court held in *Leitch Mfg. Co.* v. *Barber Co.*, 302 U.S. 458, 462, 463 (1938), a case which Rohm and Haas does not contend was modified by §271, that this "is without legal significance". Relief was denied "on the broad ground that the owner of the patent monopoly, ignoring the limitation 'inherent in the patent grant', sought by its method of doing business to extend the monopoly to unpatented material used in practicing the invention". 302 U.S. at 463. That is what Rohm and Haas is doing here, an activity *not* excused by §271.

Rohm and Haas also seeks (RB 48, 49) to distinguish the facts of this case from those in antitrust cases involving tying arrangements. We are not concerned here with whether Rohm and Haas' activities violate the antitrust laws, and it is not necessary that Petitioners prove that the elements of an antitrust violation are present.[2] The question of misuse is not controlled by court decisions on the elements of an antitrust violation, but by decisions, cited herein and in our principal brief, on the limitation of the patent grant.

Insofar as this argument may be merely an attack on the use of the term "tying" to describe Rohm and Haas' activities, it is noted that this Court used that term to describe

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[2] It seems highly likely that all the elements suggested by Rohm and Haas (many of which would not be required) are present here. Petitioners were making substantial sales of propanil before the Wilson patent issued, Rohm and Haas' actions are an attempt to curb those sales, by an extension of the patent grant, and force buyers to quit buying from Petitioners, thereby destroying Petitioners' access to the consuming public, and this is effected by the coercion and leverage of the patent.

the identical activity in *Mercoid Corp* v. *Mid-Continent Investment Co.*, 320 U.S. 661, 666 (1944). Furthermore, such an argument is equally applicable to staples. If there is no tying here, there was none in *Carbice*[3], *Leitch* or *B.B. Chemical*[4].

Rohm and Haas' attempt to monopolize the sale of propanil cannot be justified by characterizing Petitioners' actions as malicious and wanton. Petitioners built a plant and began selling propanil long prior to the issue in 1968 of Monsanto's patent covering propanil. Believing that this patent was invalid, as it finally proved to be, they spent four years and thousands of dollars defending Monsanto's suit. They had only a brief respite before this suit was filed in 1974. Because they are convinced that Rohm and Haas has no more right to monopolize the sale of propanil than did Monsanto, they have spent six more years and many more thousands of dollars defending this suit. Petitioners' actions are no more malicious and wanton than those of any defendant urging a position he believes in (and which the district court held was correct), and no more malicious and wanton than Rohm and Haas' actions in continuing to sell propanil after it was sued by Monsanto.

III. The 1952 Patent Act Does Not Give a Patent Owner Exclusive Rights to Anything Other Than His Invention.

As we pointed out in our principal Brief, pp. 10-13, the scope of the patent grant is spelled out in §154, and is limited to the *invention* defined by the *claims* in accordance

[3] *Carbice Corp.* v. *American Patents Development Corp.*, 283 U.S. 27 (1931).

[4] *B. B. Chemical Co.* v. *Ellis*, 314 U.S. 495 (1942).

with §112.[5] In enacting the 1952 Patent Act, Title 35 U.S. Code, Congress did not extend the scope of the patent grant.[6] Section 271, on the other hand, has to do with the right of the patent owner to *enforce* his patent grant. The purpose of subsections (c) and (d) was to codify the law of contributory infringement, which had been developed by the courts as an aid to prevent *direct* infringement (not, as Rohm and Haas contends, to allow the patentee to monopolize the sale of nonstaples).

[5] Rohm and Haas stops short of contending that the effect of §271(c) and (d) is to expand the scope of the patent grant beyond the claims, although that is the effective result of their position. Some of the amici are less reticent. See the brief on behalf of Society of University Patent Administrators and the Council on Government Relations, pp. 3-8, in which it is argued that the Court erred in *Motion Picture Patents Co.* v. *Universal Film Mfg. Co.*, 243 U.S. 502 (1917), in limiting the scope of the grant to the invention defined by the claims. The attempted analogy to infringement by equivalents fails because equivalents are expressly included within the scope of the claims by the third paragraph of §112. The absurdity of this argument becomes apparent with the realization that it means that the scope of the grant can only be ascertained by an examination of the states of mind of alleged contributory infringers, since only those who know that the nonstaple is intended for an infringement are contributory infringers. See § 271(c).

[6] Rohm and Haas erroneously contends (RB15) that the 1952 Act extended patent protection to the discovery of a method which is a new use for a known or old product. The courts had long recognized that such discoveries were patentable. This was only a clarification of existing law. See Hearings on H.R. 3760 Before Subcomm. No. 3 of the Comm. on the Judiciary, House of Representatives, 82d Cong., 1st Sess. (1951), pp. 37, 44 (1951 Hearings). Be that as it may, however, the 1952 Act does not permit the inventor of a new use to obtain a patent monopoly on the product itself, but only on the new use as a "process". *Globe Linings, Inc.* v. *City of Corvallis*, 555 F.2d 727 (9th Cir. 1977). Thus, in the course of agreeing with Rohm and Haas' contention that propanil itself was obvious, the district court in *Monsanto Company* v. *Rohm and Haas Company*, 312 F.Supp. 778 (E.D. Pa. 1970), aff'd. 456 F.2d 592 (3rd. Cir. 1972), cert. den 407 U.S. 934 (1972), stated, at p. 789, that "an old product with a new use cannot be patented but rather the

There is agreement by all who have filed briefs herein that §271(c) and (d) came about as a result of the decisions in the *Mercoid* cases, *Mercoid Corp.* v. *Mid-Continent Investment Co.*, 320 U.S. 661 (1944), hereinafter *"Mercoid I,"* and *Mercoid Corp.* v. *Minneapolis-Honeywell Reg. Co.*, 320 U.S. 680 (1944), hereinafter *"Mercoid II"*.[7] Those cases found patent misuse by one who *sold* a nonstaple, *licensed* others to sell the nonstaple, and *sued* one who contributorily infringed by selling the nonstaple. It was feared by many that courts would construe the *Mercoid* cases to prohibit these activities. Thus, §271(d) provides that a patent owner "otherwise entitled to relief" shall not be deemed guilty of misuse by reason of his having *sold* a nonstaple, *licensed* another to sell a nonstaple, or *sued* one who contributorily infringed by selling the nonstaple.

But the *Mercoid* cases involved more than this. The Court held in *Mercoid I*:

> [T]his Court has consistently held that the owner of a patent may not employ it to secure a limited monopoly of an unpatented material used in applying the invention.

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new use must be patented". Yet Rohm and Haas now contends that § 271 permits the inventor of a new use to do indirectly what § 100 does not permit him to do directly: obtain a patent monopoly on the product itself.

[7] Rohm and Haas attacks the Justice Department's presentation of the *Mercoid* cases as a "misleading summary", but the only error alleged is as to when Mercoid was offered a license (RB 24, 25). Justice erred only in its citation, which should have been to the Court of Appeals' opinion at 133 F.2d 803, 810 (7 Cir. 1942). Rohm and Haas itself is wrong in saying no licenses were offered to competitors for many years. Mercoid was offered a license by the patent owner before the license to Minneapolis-Honeywell, and Minneapolis-Honeywell licensed one competitor one year and seven months after receiving its own license, 43 F.Supp. at 694, Findings 12 and 13, and offered Mercoid a license three years later, five years before suing Mercoid (but after it had sued Mercoid's customer). 43 F.Supp. 695, Finding 16.

* * *

> [T]he limits of the patent are narrowly and strictly confined to the precise terms of the grant . . . . It is the protection of the public in a system of free enterprise which . . . denies to the patentee . . . the power to use [his patent] in such a way as to acquire a monopoly which is not plainly within the terms of the grant . . . The fact that the patentee has the power to refuse a license does not enable him to enlarge the monopoly of the patent by the expedient of attaching conditions to its use . . . . [The patent] is limited to the invention which it defines.

320 U.S. at 664, 665, 666. The Court pointed out that if the patentee were allowed to tie something else to his invention, "the mere act of the patentee could make the distinctive claim of the patent attach to something which does not possess the quality of invention". 320 U.S. at 666. The Court made it clear that it made no difference that the unpatented part was a nonstaple.

In *Mercoid II*, the Court stated:

> However worthy it may be, however essential to the patent, an unpatented part of a combination patent is no more entitled to monopolistic protection than any other unpatented device . . . . [A] patent on a combination is a patent on the assembled or functioning whole, not on the separate parts. The legality of any attempt to bring unpatented goods within the protection of the patent is measured by the antitrust laws not by the patent law.

320 U.S. at 684.

These rules were not new in the *Mercoid* cases. The activities condemned there were not permitted in 1917 when the *Motion Picture* case was decided, nor in 1931 when *Carbice* was decided, nor in 1938 when *Leitch* was decided,

and they were labeled a misuse in 1942 when *Morton Salt*[8] and *B.B. Chemical* were decided.

There is no basis for the argument that the misuse doctrine as thus defined in the *Mercoid* cases has changed since this Court's decision in the *Motion Picture* case. Neither in that case nor in any of the others cited in the preceding paragraph did the Court make any distinction as to its applicability to nonstaples as opposed to staples, but in fact the Court *rejected* such a distinction in at least the *B.B. Chemical* case[9] before the *Mercoid* cases were decided. Patent owners were not convinced, however, so it was necessary in the *Mercoid* cases to hold that the rule is applicable to nonstaples as well as to staples.

Nor was the doctrine of misuse as so enunciated in the *Mercoid* cases changed in the 1952 Patent Act. Nowhere in that Act has Congress provided that

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[8] *Morton Salt Co.* v. *G. S. Suppiger Co.*, 314 U.S. 488 (1942).

[9] Astonishingly, Rohm and Haas still insists that B.B. Chemical did not involve a nonstaple, and even resorts to a misleading reference to the district court opinion to support its position (RB 23, note 10). The plaintiff and the defendant in that case sold not only the adhesive alleged to be a staple, but also precoated duck specially designed for use in the patented process and machines designed to practice the process. *B.B. Chemical Co.* v. *Ellis*, 32 F.Supp. 690, 694, 695 (D.Mass. 1940). Both the district court and the court of appeals specifically considered and rejected the argument that the rule prohibiting the conditioning of a license on the purchase of unpatented materials was limited to *staple* materials. 32 F.Supp. at 697, and *B.B. Chemical Co.* v. *Ellis*, 117 F.2d 829, 834, 835 (1 Cir. 1941). The court of appeals concluded: "There is every indication that the *Carbice* and *Leitch* cases apply to specially designed nonpatented articles." 117 F.2d at 835. Finally, respondent therein argued to this Court: "The doctrine of the Carbice Corp. and Leitch Mfg. Co. cases is not limited to the sale of staple materials." 86 L. Ed. 367, 368. This Court's failure to mention the point in *B.B. Chemical* merely emphasizes that the rule was the same whether staples or nonstaples were involved.

(1) the owner of a patent may employ it "to secure a limited monopoly in an unpatented material used in applying the invention", nor that

(2) the limits of the patent extend beyond the terms of the grant, nor that

(3) the patentee may use his patent in such a way as to acquire a monopoly which is not plainly within the terms of the grant, nor that

(4) the fact that the patentee has the power to refuse a license enables him "to enlarge the monopoly of the patent by the expedient of attaching conditions to its use", nor that

(5) a patentee may by his own act "make the distinctive claim of the patent attach to something which does not possess the quality of invention", nor that

(6) it makes any difference whatsoever in the application of *these* rules that the unpatented part is a nonstaple, nor that

(7) the antitrust laws do not apply to an attempt to bring unpatented nonstaples within the protection of the patent.

These are the rules that govern whether or not misuse exists. If it had been the intention of Congress to negate the applicability of these rules where nonstaples are involved, surely it would have taken the direct approach of enacting a statute which explicitly states that the patent grant includes the exclusive right to sell nonstaples, or which states that conditioning a license on the purchase of nonstaples is not a misuse. As in *Schwegmann Bros.* v. *Calvert Distillers Corp.*, 341 U.S. 384, 392 (1951), if that were the intention, it is "strange indeed" that the one clear provision that would have accomplished that result was omitted. It

would have been easy to include within the exceptions of § 271(d): "(4) conditioned a license to use his invention on the purchase of a nonstaple used in the practice of the invention," or to include in the grant of §154 "the right to exclude others from selling nonstaple components of the invention", or to include in §112 that "a claim shall be construed to cover nonstaple components of the invention". But Congress did not enact any such statute. In fact, no one even *asked* Congress to enact any such statute.

Yet, Rohm and Haas and the amici contend that §271(d) should be construed to abolish the *Mercoid* Court's clear statements of the law of misuse as it is applied to nonstaples. This subsection makes no mention of any of the misuse rules quoted supra at pp. 8 and 9. It does not even grant the *right* to do the specific acts mentioned in the statute; it merely states that if the patent owner is "otherwise entitled to relief", those specific acts shall not be deemed to be misuse. Even these acts are not excused if the patent owner is not entitled to relief for some other reason, e.g. if he is guilty of one of the acts condemned in the *Mercoid* cases. The statute does not give an unconditional right to sell the nonstaple nor the unconditional right to sue contributory infringers. If these two acts are combined in such a way as to result in the conditioning of a license, the tying and the monopoly condemned by the *Mercoid* cases and their predecessors, the statute provides no exemption and the patent owner is guilty of misuse.

Under the common law, Rohm and Haas has the right to sell propanil, and under the patent law it has the right to license others to use its patented invention. But it has no more right to condition one of these on the other than anyone else has to condition the sale of one commodity on the purchase of another.

Thus, nothing in the plain words of §271(d) excuses Rohm and Haas' conduct; to the contrary, the statute explicitly acknowledges that even one who performs the stated acts may not be "otherwise entitled to relief". There is no "clear and certain signal from Congress" that an extension of the patent grant is intended. *Deepsouth Packing Co.* v *Laitram Corp.*, 406 U.S. 518, 531 (1972).

IV. Rebuttal to Rohm and Haas' Arguments on Legislative Intent.

1. It is the intent of Congress, not the intent of witnesses before Congressional Committees, which is of importance.

The requirement for a "clear and certain signal from Congress" places a heavy burden on Rohm and Haas to show that Congress intended to change the law of the *Mercoid* cases and to partially repeal the antitrust laws by enlarging the patent monopoly.

Both the plain meaning of the 1952 Act and the most important part of its legislative history, the Committee Reports, show that Congress did not intend to do so. Rohm and Haas, by ranging far and wide through, and beyond, the legislative history, attempts to support the contrary conclusion by strained reasoning based upon a smattering of evidence of wholly ambiguous import which it purports to find in the legislative history.

This Court has recognized that where there is such ambiguity in the legislative history, the statute itself must be the primary guide to legislative intent. *Citizens to Preserve Overton Park, Inc.* v. *Volpe,* 401 U.S. 402, 412 fn. 29 (1971). Moreover, "The plain words and meaning of a statute cannot be overcome by a legislative history, which, through strained processes of deduction from events of

wholly ambiguous significance, may furnish dubious bases for inference in every direction." *Gemsco* v. *Walling,* 324 U.S. 244, 260 (1945); *see National Labor Relations Board* v. *Plasterers' Local Union No. 79,* 404 U.S. 116, 129 fn. 24 (1971). Petitioners' position is consistent with these cases. It asserts only that the plain meaning of Section 271 should control, and that the contrary construction which Rohm and Haas attempts to place upon it by dubious inferences from the legislative history has not, should not, and can not, overcome this.

Rohm and Haas' burden is therefore made heavier, for "repeals by implication are disfavored", *Regional Rail Reorganization Act Cases,* 419 U.S. 102, 133 (1974), and unprecedented departures from precedent should not rest on mere inference. *Transcontinental & Western Air, Inc.* v. *Civil Aeronautics Board,* 336 U.S. 601, 607 (1949). Furthermore, there are grave doubts that the construction of the statute which they seek is within the constitutional authority of Congress to grant inventors the exclusive right to their "discoveries". U.S. Constitution, Art. I, Sec. 8, cl. 8; *see* the dissenting opinion of Justice Black, speaking for four members of the Court, in *Aro Mfg. Co.* v. *Convertible Top Replacement Co.,* 377 U.S. 476, 522 (1964). Rohm and Haas did not "discover" propanil. If the statute is considered to be ambiguous, "construction should go in the direction of constitutional policy". *United States* v. *Johnson,* 323 U.S. 273, 276 (1944).

Rohm and Haas attempts to meet its burden by relying, first, upon testimony at Hearings conducted in regard to earlier unsuccessful attempts, in earlier Congresses, to revise the patent statutes to include the law of contributory infringement.[10]

[10] Hearings before Subcomm. on Patents, Trademarks and Copyrights of the Comm. on the Judiciary, House of Representatives, 80th Cong., 2nd Sess. on H.R. 5988 (hereinafter 1948 Hearings); Hearings before Subcomm. No. 4 of the Comm. on the Judiciary, House of Representatives, 81st Cong., 1st Sess. on H.R. 3866 (hereinafter 1949 Hearings).

In support of its position that this testimony should be given weight, Rohm and Haas has cited decisions in which the Court, in seeking to resolve statutory ambiguities, has made reference to interpretations placed by the sponsor of a bill on the same language in a previous bill, *United States* v. *Emmons,* 410 U.S. 396, 404, note 14 (1973), and has found the history of previous bills relevant when the history of the act passed is silent on the matter, *Transcontinental & Western Air, Inc., supra,* 336 U.S. at 605, note 6. However, no case has been cited which relied on the testimony of witnesses at hearings on earlier bills. The unreliability of such testimony is pointed up by this Court's reluctance to depend upon even a House committee report on a bill which did not pass, *Schwegmann Bros.* v. *Calvert Distillers Corp.,* 341 U.S. 384, 392-394 (1951), and by the reaffirmation, in *Red Lion Broadcasting Co.* v. *Federal Communications Commission,* 395 U.S. 367, 381, note 11 (1969), that "unsuccessful attempts at legislation are not the best of guides to legislative intent."

Second, Rohm and Haas relies upon articles published by Rich and Federico sometime after passage of the 1952 Patent Act. (RB 28, 43, 44) These articles are not part of the legislative history and should not be considered at all, since later statements, reports, and publications, even by the legislators themselves, are not part of the legislative history. *Oscar Mayer & Co.* v. *Evans,* 441 U.S. 750 (1979); *Regional Rail Reorganization Act Cases,* 419 U.S. 102, 132 (1974); *Ramspeck* v. *Federal Trial Examiners Conference,* 345 U.S. 128, 143, fn. 9 (1953). Third, and foremost, Rohm and Haas relies on testimony by Mr. Rich and representatives of the Justice Department before the Committee on the Judiciary of the House of Representatives

during consideration of the patent codification bill which resulted in Title 35 (RB 37-43). It has been said, in an opinion joined by Judge Rich himself, "Statements made in briefs or in testimony presented at committee hearings cannot be considered as a guide to what Congress intended, since Congress has not delegated to organizations or individuals appearing before its committees the authority to construe a statute." *United States* v. *Fairfield Gloves,* 558 F.2d 1023, 1027 (CCPA 1977). *See also Austasia Intermodal Lines, Ltd.* v. *Federal Maritime Commission,* 580 F.2d 642 (DC Cir 1978). Rohm and Haas cites *Ernst & Ernst* v. *Hochfelder,* 425 U.S. 185, 203 (1976) as supporting its position on the significance of Mr. Rich's testimony. But in that case the Court found the intent of Congress to be unmistakable from the language of the statute itself, and the testimony referred to was only one of several references which supported that finding. Here, Rohm and Haas seeks to use such testimony to imply an intent not even suggested by the plain words of the statute. Nor can any benefit be derived from the testimony of the Justice Department, who opposed § 271. Statements by opponents are "no authoritative guide to the construction of legislation." *National Labor Relations Board* v. *Fruit and Vegetable Packers and Warehousemen, Local 760,* 377 U.S. 58, 66 (1964). *See Holtzman* v. *Schlesinger,* 414 U.S. 1304, 1312 n. 13 (1973) (per Mr. Justice Marshall as Circuit Justice).

The decisions[11] relied upon by Rohm and Haas (RB 45) are inapposite because the "opponents" referred to in those decisions are not mere witnesses, but members of Congress expressing their views to the Congress, and because, as we shall show, the witnesses for and against § 271 did not agree that Rohm and Haas' interpretation of the statute

[11] *State of Arizona* v. *State of California,* 373 US 546, 571, note 52 (1963); and *First National Bank of Logan, Utah* v. *Walker Bank and Trusi Company,* 385 US 252, 261 (1967).

is correct. Rohm and Haas has cited no decision which placed sole reliance, or even primary reliance, upon testimony of a witness in interpretation of a statute.

In its reliance on testimony on earlier bills, conflicting testimony on the bill which was passed, and subsequently published articles, Rohm and Haas ascribes to them an importance which they do not have. The most reliable indication of the intent of Congress with respect to § 271 is found in the statute itself, which gives no indication of an intent to change the law to allow conditioning a license on the purchase of nonstaples, or to make an exception from the antitrust laws. Cf. *Schwegmann Bros., supra,* 341 U.S. at 388-390. If there is any ambiguity, reference should first be made to the Committee Reports,[12] which show what the congressional committees distilled out of the voluminous testimony. Such carefully considered reports are entitled to more weight than even floor debate. *United States* v. *International Union,* 352 U.S. 567, 585, 586 (1957). These reports show no intention to make the changes contended for by Rohm and Haas.

2. Neither the testimony before the House Committee which approved § 271 nor the Committee Reports indicate an intention to change the law to approve conditioning a license on the purchase of nonstaples.

The misuse we are concerned with is the conditioning of a patent license on the purchase of a nonstaple, thereby tying the license to the nonstaple and effecting a monopoly in the nonstaple. There is no contention that a patent owner cannot sue contributory infringers or that he cannot himself sell nonstaple components of his invention. It is to

[12] Reports of the House and Senate Committees on the Judiciary on Section 271, H.R. Rep. No. 1923, 82d Cong., 2d Sess. (1952), hereinafter "H.R. Report," and S. Rep. No. 1979, 82d Cong., 2d Sess. (1952), hereinafter "Senate Report".

these latter matters that most of Rohm and Haas' references to the legislative history refer.

Rohm and Haas relies principally on the testimony of one witness, Giles Rich. If is true that some of his testimony on the rejected 1948 and 1949 bills which he coauthored seem to indicate a desire on his part to allow a patent owner to predicate the right to use an invention on the purchase of a nonstaple. But Mr. Rich was only one, although perhaps the most vocal, of many proponents of these bills, and the overall import of all the testimony is that the intent was to eliminate the confusion generated by the *Mercoid* decisions and to clarify the law of contributory infringement.

A statement by Mr. Byerly, another of the authors of the bills, is typical:

> The fundamental purpose of the bill, I think, is to clarify a very dangerous situation which exists in the law as a result of the decision in the Mercoid case . . . [T]he court was very indefinite as to what it had done to the law of contributory infringement.

1948 Hearings at 12.

In any event neither of the 1948 or 1949 bills was reported out by the respective committees, and the question was not considered again until 1951 when it was rewritten, this time by the subcommittee itself (1951 Hearings at 152), and included in a general codification of the patent laws (1951 Hearings at 20, 21).

In 1951, Mr. Rich made reference to the 1948 and 1949 Hearings, but rather than rely on the testimony in those Hearings, chose to start at the beginning in his explanation of the purpose and meaning of §271. 1951 Hearings at 150-162. It appears that Mr. Rich may have personally been

of the opinion that a patentee should be able to tie patent licenses to the purchase of nonstaples, but, particularly after the 1949 Hearings, may have come to believe that Congress would not accept such a position, for which reason he did not bring it to Congress' attention in the 1951 Hearings. The emphasis of this testimony is that the purpose of §271(c) and (d) is to clarify the continued existence of the doctrine of contributory infringement and "alleviate the confusion which has arisen as a result of the Mercoid case" (1951 Hearings at 152, 155, 158-160[13]), confusion which had led at least one court to hold that the mere filing of a suit for contributory infringement was misuse. He did not repeat the statements made in the 1949 Hearings indicating a desire to allow patent owners to monopolize nonstaples, and in response to direct questions he avoided making any such statements. Mr. Rogers, one of the subcommittee members, made reference to the Department of Justice testimony:

> Mr. Rogers: You know their thinking in the matter. It might lead to further antitrust violations, or monopolies. Have you any comment in that regard?
>
> Mr. Rich: I do have comments on the statement, with which I do not agree with respect to its conclusions. I do not agree that this section, if enacted, would extend the law of contributory infringement.

1951 Hearings at 158.

On at least three other occasions, summarized in an Addendum to this Reply Brief, a clear opportunity was pre-

[13] At RB 39 Rohm and Haas, by omitting part of a statement by Mr. Rich, makes it sound like Mr. Rich told the committee that it was intended to reverse the Court's holding in *Mercoid* that where there is a conflict between the misuse and contributory infringement doctrines the misuse doctrine must prevail. The portion omitted, however, shows that Mr. Rich said that the purpose of paragraph (d) was to insure the right to enforce a patent against a contributory infringer.

sented for Mr. Rich to restate his opinions expressed in 1949, and in each case he failed to do so.

The fact that the subcommittee members repeatedly returned to the question emphasizes their concern, and the Committee Reports prepared after completion of all the testimony shows that there was no intention of such a major change in the patent law as contended for by Rohm and Haas. With respect to paragraphs (b), (c) and (d) of §271 these Reports state: "These paragraphs have as their main purpose clarification and stabilization." HR Report at 9, Senate Report at 8. In commenting on (d) the reports adopt Mr. Rich's suggestion aimed at eliminating the Justice Department's objections (1951 Hearings at 175), stating that this paragraph "provides that one who *merely* does what he is authorized to do by statute is not guilty of misuse of the patent". HR Report at 9 (emphasis added).[14]

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[14] In its effort to build a credible legislative history to support its view of Section 271, Rohm and Haas has even resorted to distortion of the printed word. By omitting words in the House Report Rohm and Haas made it sound as though it reflected an intent to *change the law* of contributory infringement (RB 27). The entire quotation, however, makes it clear that the purpose was to *incorporate* the law of contributory infringement into the statute, i. e. there was a change in the *statute*, not in the *law*. The full quotation, with parts omitted by Rohm and Haas in italics, is as follows: "Although the principal purpose of the bill is the codification of Title 35, *United States Code, and involves simplification and clarification of language and arrangement, and elimination of obsolete and redundant provisions*, there are a number of changes in substantive statutory law. *These will be explained in some detail in the revision notes keyed to each section which appear in the appendix of this report.* The major changes or innovations in the title consist of *incorporating a requirement for invention in §103 and* the judicial doctrine of contributory infringement in §271." HR Report at 5, Senate Report at 4. This Court held in *Graham* v. *John Deere Co.*, 383 U.S. 1, 17 (1966) that Congress did not intend to change the law on the level of patentable invention. There is no more indication of an intent to change the law of contributory infringement or of misuse.

The Court should look to the intent of Congress, and not of witnesses before Congressional Committees, to determine whether there was a "clear and certain signal" as required in *Deepsouth*. There is nothing in the legislative history to support Rohm and Haas' position that the statute was intended to change the scope of the patent grant as stated in the *Motion Picture* case 35 years earlier.

Surely Senator McCarran would not have stated that the Patent Act "codifies the present patent laws" (98 Cong. Rec. 9323, July 4, 1952) if he had believed it was intended to change the scope of protection afforded patentees.

Surely the Reports of the House and Senate Committees on the Judiciary would not have stated that the main purpose of §271 was "clarification and stabilization" if the members of these committees had intended to reverse the holding of this Court that it is misuse to condition a patent license on the purchase of an unpatented nonstaple from the patent owner.

The question of the meaning and effect of Section 271 has engendered more commentary than perhaps any other area of the patent laws. Significantly, a large majority of these commentators agree with Petitioners' analysis:

1. In *Contributory Infringement and Misuse — The Effect of Section 271 of the Patent Act of 1952*, 66 Harvard L.Rev. 909, 917 (1953) the author concludes that neither the language of Section 271 nor its legislative history compels an interpretation which would allow the restriction of competition condemned in the *Mercoid* cases.
2. *Regulation of Business — Patents — Effect of Section 271 on the Doctrine of Contributory Infringement*, 55 Mich. L. Rev. 1151, 1159 (1957) reaches the same conclusion.

3. The author of *Section 271(b) of the Patent Act of 1952: Confusion Codified,* 66 Yale L. Jour. 132, 137 (1956) agreed that tying arrangements are not excused in 271(d).

4. Michael D. Nelson, in *Mercoid-Type Misuse is Alive,* 56 J. Pat. Off. Soc. 134, 139 (1974) analyzed cases decided *after* §271 was adopted and concluded that alternative licenses must be offered, at a reasonably comparable royalty.

5. Joseph Scafetta, Jr., in *The Constitutionality/Unconstitutionality of the Patent Infringement Statute,* 59 J. Pat. Off. Soc. 665, 676 (1977) argues that it was within the constitutional authority of Congress to allow suits against contributory infringers as long as the patentee is not "trying to drive business to himself" in the nonstaple component.[15]

V. Compulsory Licensing Is Not an Effect of a Finding of Misuse in this Case.

Rohm and Haas and the amici supporting them argue vociferously that the effect of holding the activities of Rohm and Haas to be misuse is to infer that the patent laws require compulsory licensing, and they point to the failure of Congress to enact various limited compulsory licensing laws.

If what we seek here is "compulsory licensing", then it is no more so than that which was the necessary result in the *Carbice, Leitch, Morton Salt* and *BB Chemical* cases, all of which held that the patentee could not condition his license on the purchase of unpatented material, and no more than that which is encountered by the owner of a

[15] In this article, Mr. Scafetta appears to have reversed his conclusion two years earlier that the nonstaple is within the invention. J. Scafetta, *Ten Years After Aro II: The Effect of Patent Act §271 on the Patent Misuse Doctrine,* 26 S.Ca. L. Rev. 539, 585 (1975), reprinted in 58 J. Pat. Off. Soc. 69 (1976).

method patent today who sells *staples* for use in practicing the method. Rohm and Haas is not compelled to license its patent any more than were the patentees in these cases nor any other patentee. It is only compelled to grant *legal* licenses, licenses not conditioned on the purchase of propanil. Rohm and Haas does not deny that it would be misuse for a patentee to condition a license on the purchase of a staple. So Rohm and Haas' argument really is that "compulsory licensing" is all right for the patentee who happens to sell staples but not all right for the patentee who decides to sell nonstaples. It is no more harsh to compel licensing of a patented invention which uses a staple than one which uses a nonstaple.

But "compulsory licensing" is an inappropriate term for what we seek here. All we are asking is that Rohm and Haas not be allowed a greater reward from the patent statutes than any other patentee, merely because it has chosen to sell a nonstaple material used in the practice of its invention rather than to practice the invention itself or grant royalty-bearing licenses to others to do so.

There are really only two ways for a patentee to profit from his invention — practice it himself or license someone else to do so. Some patentees choose one, some the other, and some do both. None of them, not even Rohm and Haas, is compelled to do either. They can withhold their invention entirely, if that is their wish. Or they can license some and refuse to license others. The one thing they cannot do is *condition* their licenses on the purchase of unpatented materials, because that creates a monopoly in the marketing of the unpatented material.

Rohm and Haas objects that it is not practical to license thousands of rice farmers or hundreds of applicators, and that the method it has chosen is the only practical way for it to profit from its invention.

This argument was rejected by this Court in *B.B. Chemical,* 314 U.S. 495, 498, and again in *Mercoid I,* where it was said:

> The necessities or convenience of the patentee do not justify any use of the monopoly of the patent to create another monopoly.

320 U.S. 661, 666. Nothing in the 1952 Patent Act changed *that* rule of law.

Furthermore, large chemical manufacturers like Rohm and Haas who discover uses for chemicals are not the only ones who find it impractical to practice their inventions themselves. Whenever anyone makes an invention which he personally cannot or does not wish to practice, whether because of lack of skill, lack of money, or lack of desire, his only alternatives are to license someone else to practice it or put it on the shelf. This is not compulsory licensing, but choosing the most desirable alternative the law provides.

This "practicality" argument is in fact a sham, for, as Rohm and Haas and amici well know, owners of process and combination patents who do not themselves perform the process or sell the combination commonly utilize label licensing as a legitimate means of exploiting the patent. See pp. 3, 4, supra.

Neither Rohm and Haas nor any amicus has given any reason why Rohm and Haas cannot adopt the label license method for its sales of propanil to derive legitimate revenue from its invention in the use of propanil. The fact is that there is no reason. Contrary to the suggestions of some amici that this would raise the cost to farmers, because of the increased paper work required, it is submitted that any increased cost would be negligible, and would be absorbed by competitors of Rohm and Haas who would sell the propanil and handle the licensing transactions. There

would be no need for farmers to sign a license agreement, keep records, make reports, forward royalty payments or subject themselves to audits (RB 53, 54). This would all be done by the suppliers of propanil.

Nevertheless, Rohm and Haas would still have a cause of action for contributory infringement against those competitors who refused to handle the licensing transactions, because they would be supplying propanil to infringers. Section 271(d) would be effective for what was intended — to allow the patent owner to market nonstaples while suing those who contributorily infringe.

Rohm and Haas chose not to practice its invention; no one compelled it to do so.

Rohm and Haas chose to license those who purchase propanil from Rohm and Haas; no one compelled it to do so.

Rohm and Haas chose to refuse licenses to those who wish to buy propanil elsewhere; no one compelled it to do so.

Rohm and Haas is in a dilemma of its own making.

VI. The Economic, Incentive and Public Policy Arguments Made Are Equally Applicable to Staples.

Rohm and Haas and the several amici argue that reversal of the Court of Appeals' decision would discourage innovation in finding uses for materials which have no known use, because of the high cost of making and developing such discoveries. We certainly have no quarrel with the concept of encouraging innovation, and it is certainly true that the granting of monopolies for innovation is a strong incentive. That is what the patent law is all about. Incentive to innovate would also be enlarged, however, by granting patents on improvements which do not involve invention, cf. *Graham,* supra, or upon mere algorithms, cf. *Parker* v. *Flook,* 437 U.S. 584 (1978) and *Gottschalk* v.

Benson, 409 U.S. 63 (1972). But the exclusive rights granted are those specifically set forth in the statute; Congress has determined how much incentive should be given for innovation.

Rohm and Haas' arguments on the effect on innovation are based on the false premise that researchers concentrate on chemicals which have no known use. There is no basis for such an assumption. If there were any substance to it, surely Rohm and Haas and the amici, with their vast resources and access to studies and reports, would have brought it to the Court's attention. The American Chemical Society's brief, in discussing random screening programs and directed research (pp. 8, 9), emphasizes that the contrary is true; researchers screen known compounds prepared for other purposes, and new compounds. As this brief points out: "Where the search for biological activity, whether random or directed, will lead cannot be determined in advance" (p. 11).

The fact is that researchers do not concentrate on either chemicals with known uses or those without known uses. The focus of the researcher is to find a chemical with a certain desired effect, and in doing so they may screen thousands of chemicals (RB 60, note 23), including those with known uses and those without.

Since the researcher cannot know in advance whether his research will lead to a staple or a nonstaple, the reversal of the Court of Appeals' decision is likely to have little effect on this area of innovation. Surely these large companies who conduct this research will not abandon their discoveries when they have found new uses for *staple* chemicals.

The Patent and Trademark Office Official Gazette of March 11, 1980, lists over 150 chemical process patents,

issued in one week. Probably most of these utilize materials which have other known uses. Yet the lack of a monopoly on these materials did not prevent these inventors from going forward with their inventions.

It is not reasonable to assume that the expectation of a monopoly in the market for a nonstaple unpatented material is a significant incentive to the discovery and development of new uses. Researchers can have no assurance that such a monopoly will continue for the full 17 year patent life, or for any time at all, because the monopoly could continue only until someone discovers *another* use for the material, and that could occur at any time. Such an ephemeral benefit could have little impact on innovation.

Ultimately Respondent's arguments amount to a contention that the inventors of new uses for nonstaple compounds are entitled to a greater reward than the inventors of new uses for staple compounds. There is nothing in the statute, the decisions of this Court, public policy, or common sense which supports such a distinction. There is simply no logic in the position that a new use for a useless compound is more valuable to the public than a new use for an already useful compound. If anything, public policy points in the other direction. For example, if there is a need for a new agricultural herbicide, then public policy would seem to quite clearly favor the discovery of the best new herbicide. However, if inventors of new uses for nonstaples receive a greater reward than inventors of new uses for staples, and the research department of a chemical company should discover that compound X, a nonstaple, is a good herbicide, while compound Y, a staple, is even better, the company would be encouraged to seek a patent on the use of compound X, the nonstaple, in order to receive the greater reward, and keep the discovery that compound Y is even better as a company secret. This result most certainly does not comport with sound public policy. It has, in a single

stroke, deprived the public of the discovery of the better herbicide, and granted the discoverer a more substantial reward on the nonstaple compound X in return for his depriving the public of his more important discovery.

If the right to exclude others from selling chemicals for which a new use has been discovered is an important incentive for innovation, it is just as important when that chemical is a staple as when it is a nonstaple. None of the arguments which have been made by Rohm and Haas or amici reveals any reason why they should be treated differently.[16]

If the decision of the Court of Appeals is allowed to stand, Rohm and Haas will be the only one marketing propanil. That decision is a *disincentive* to its finding new uses for propanil, for it would then become a staple, and Rohm and Haas would lose its monopoly.

Section 154 of the Patent Laws grants to inventors the exclusive right to make, use and sell their *inventions*. What Rohm and Haas seeks here is something more — the exclusive right to sell the chemical used in its invention. An invention which uses a nonstaple chemical is entitled to no more reward than one which uses a staple chemical. If the Court of Appeals' decision is affirmed, however, that is exactly what will happen; Rohm and Haas will receive not only the reward to which it is entitled by virtue of its invention, but also the reward resulting from its monopoly in the market for propanil, which it did not invent.

On the other hand, a decision by this Court against Rohm and Haas will not deprive it of its just reward; Rohm and Haas will still be entitled to receive a royalty on every gallon of propanil sold, if it chooses to continue licensing

[16] This is conceded by Chemical Manufacturers Association at p. 25.

its patent. In addition, it will still be able to make a profit on the sale of propanil, a profit which will be established by competition in a free market.

The National Agricultural Chemicals Association says, at page 48 of its brief, that Rohm and Haas "has decided to forego any consideration, monetary or otherwise, it might derive by this (licensing) use of its property." But the patent laws do not give Rohm and Haas the option of exchanging the monopoly granted it for another monopoly.

As pointed out in the brief filed by Chemical Manufacturers Association, p. 24, a patented invention has a certain value, measured by what people are willing to pay for the privilege of using it. That is the reward to which Rohm and Haas is entitled by virtue of its invention. Such a reward is obtainable by licensing others to use its inventon, or practicing the invention itself. There are no other legitimate ways to profit from the patent monopoly. In addition, due to the general law, and not the patent law, Rohm and Haas can profit from marketing propanil in competition with other producers of the chemical, thereby obtaining profit other than that paid for the use of its invention. Rohm and Haas is not satisfied with this, however, but also wants the additional profit it would receive from a monopoly in the propanil market. As the Chemical Manufacturers Association points out, this would allow Rohm and Haas to increase its profit on the use of the invention if the cost of producing propanil were lowered.

More importantly, this would also allow Rohm and Haas to fix the price of propanil above that which prevails in a competitive market. This Court, in the *Motion Picture* case, found this the "clearest possible condemnation" of allowing the patentee to monopolize unpatented materials. 243 U.S. at 517.

The contention on p. 14 of Rohm and Haas' brief, that Crystal merely wants to do that which it contends Rohm and Haas should not, fails to take note of the economic difference between the two situations. When Rohm and Haas alone sells propanil, it is profiting from an illegal monopoly in propanil, but if others are licensed, profits on propanil will be derived from the manufacturing and sales efforts of each manufacturer, including Rohm and Haas, and Rohm and Haas will then receive royalties on its invention, the use. This kind of arrangement fosters competition; Rohm and Haas' system prevents it.

It is not uncommon for an inventor to make an invention on which he cannot profit except for the royalty which he receives from licensing. This is often true of individual inventors who have neither the funds nor ability to commercialize their inventions. But such inventors are usually content, even ecstatic, to receive such reward as they can from licensing. This reward has been sufficient incentive to keep these individuals hard at work in their garages and back yard shops. These is no reason why these large chemical companies should have any greater reward.

Rohm and Haas argues (RB 62) that offering farmers an alternative license would result in complex and expensive proceedings to determine reasonable royalty rates. But that has been no problem at all in the case of label licenses on staples, and there is no reason why there should be any more problem with nonstaples than with staples.[17]

[17] A few cases have pointed out that to avoid misuse, the royalty for an alternative license must be such as to give the licensee a real choice between buying from the patentee or from others. *See*, e.g., *Ansul Co.* v. *Uniroyal, Inc.*, 448 F.2d 872, 882, note 4 (2 Cir. 1971); *Barber Asphalt Corp.* v. *La Fera Grecco Contr. Co.*, 116 F.2d 211 (3 Cir. 1940). There is no indication in these opinions of the kinds of problems hypothesized by Rohm and Haas and amici.

Rohm and Haas argues that there would be no market for propanil but for their invention. But the law does not create a monopoly for every creation of a market; such monopolies are limited to those defined by patent claims. This argument was rejected by this Court in the *Motion Picture* case when it overruled *Henry* v. *A. B. Dick Co.*, 224 U.S. 1 (1912), in which the same reasoning was the basis for allowing the patentee to monopolize unpatented materials. Rohm and Haas does not merely seek to restore the law to that existing before Mercoid; they are trying to revive the rule of *Henry* v. *A. B. Dick Co.*[18]

Petitioners do not deny that innovation is important to the economy, that patents are an incentive to innovation, or that extending the patent monopoly would increase that incentive. But this does not justify extending that monopoly for the benefit of these large corporations who have the economic ability to supply the market at the expense of Petitioners, rice farmers and other small businesses without the express consent of Congress.

[18] The brief filed in behalf of Society of University Patent Administrators and the Council on Government Relations frankly seeks to overturn the *Motion Picture* case (pp. 6, 7), which would have just that effect.

CONCLUSION

For the reasons stated, the decision of the Court of Appeals should be reversed and this case remanded for further proceedings.

Respectfully submitted,

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ADDENDUM

Mr. Rogers asked Mr. Fugate of the Justice Department as to the *Mercoid* cases: "Wasn't it misuse because he was requiring the purchase of something for the furnace?" Mr. Fugate answered: "That was misuse, the misuse was sufficient to defeat recovery for contributory infringement". 1951 Hearings at 169. Mr. Rogers asked whether he thought any one of the three items set forth in subsection (d) would fit into the *Mercoid* case and Mr. Fugate replied affirmatively. This discussion led Mr. Crumpacker, another member of the subcommittee, to say that he thought the language was clear and unequivocal and capable of only the one interpretation, and that interpretation was entirely contrary to that which Mr. Fugate placed on it. Mr. Fugate said that he believed Mr. Rich placed the same interpretation on it and he was asked whether that were true. This presented Mr. Rich with a clear opportunity to state unequivocally that this was what he was intending to do, to do away with the specific misuse found in the *Mercoid* case, the use of the patent to require the purchase from the patentee of the nonstaple component for the patented furnace. Mr. Rich did not do so. Instead:

> Mr. Rich: I will agree with that to this extent: That as I testified it is necessary to make an exception to misuse to the extent that you revive contributory infringement in paragraph (c), and this whole section (d) is entirely dependent on (c). Where (d) refers to contributory infringement, it only refers to contributory infringement as defined in (c) and nothing more.
>
> Mr. Crumpacker: In other words, all it says is that bringing an action against someone who is guilty of contributory infringement is not a misuse of the patent.
>
> Mr. Rich: That is true.

1951 Hearings at 169.

Mr. Rich then went on to explain that the reason for it is that a district judge in California actually dismissed a suit on the basis that the filing of a suit for contributory infringement was misuse.

Shortly thereafter, Mr. Rich was given another chance to clarify his position, when Mr. Crumpacker asked:

> As you interpret this paragraph (d) as it now reads, would it in any way prevent a court from holding the monopolistic practices referred to as being a misuse of a patent? That is, where a patentee had actually been engaged in trying to gain a limited monopoly of unpatented articles through the use of a patent.

1951 Hearings at 173.

Mr. Rich answered, "The answer is that (d) would not prevent their being held, the acts being held to be misuse."

1951 Hearings at 174.

Rohm and Haas says that Mr. Rich's intervening question, "If we assume that staples are excluded from paragraph (c)?" converts Mr. Rich's answer to a statement that only attempts to control staples would still be misuse (RB 41, 42). It is difficult to understand *what* Mr. Rich's question meant, since (c) *specifically* excludes staples and no one had contended otherwise, but it certainly could not have conveyed to the committee that his negative answer should be construed as affirmative. If he had wanted the committee to understand that his view was as contended by Rohm and Haas, all he had to answer was: "Yes, in the case of nonstaples". But he never said that.

In the last discussion of (c) and (d), Mr. Rogers attempts to sum up:

> Mr. Rogers: Then the effect of (d) with the (3) in there would be to say to the Supreme Court that it is the

> sense of this Congress that where you have heretofore denied relief to the plaintiff, you shall henceforth grant him relief if he has *only* performed one, two, or three of these acts in (d), and that is why the Department of Justice is objecting to it?
>
> Mr. Fugate: Yes, sir.
>
> Mr. Rogers: And it would therefore necessarily follow that by taking (c) and (d) together we are asking the Supreme Court to not follow the line of reasoning of declaring that a man shall be denied his day or damages if he has done any one of these three acts. Isn't that what it amounts to?
>
> Mr. Rich: That he shall not be denied his day or damages *merely* because he has done one, two, or three, or all of these acts if the contributory infringements referred to in (d) is of a type which falls within the specific terms of (c).
>
> Now a suggestion has come to me during this discussion *which may bring the views of Justice and of the patent bar together.* That would be to insert in the third line of paragraph (d) before the last word "by" the word "solely" so that he shall not be deemed guilty of misuse or illegal extension of patent rights *solely* by reason of his having done one or more of the following.
>
> *If he has gone beyond those and done other acts which could be misuse, then the misuse doctrine would be applicable.*
>
> Mr. Rogers: But then even with the word "solely" we would still say to the Court that if he had done one of these, he could now be permitted to recover?
>
> Mr. Rich: *If he has not misused it otherwise.* If it comes within the terms of (c). If he tries to license somebody, for instance, to manufacture a staple article of commerce, to be sold in a patented invention and collect royalties, let us say, for the manufacturing of salt tablets to be used in a patented vending machine

> or dry ice to be used in a patented shipping container, that will be misuse because it doesn't come within the terms of (c).

1951 Hearings at 174, 175 (emphasis added).

Clearly, Mr. Rich did not intend to convey to the subcommittee that the performance of one or more of the three acts would excuse conditioning a license on the purchase of a nonstaple, or that such an exception to the misuse law should be *inferred* from (d). This "conditioning" had been the heart of the misuse law from the beginning. If it had been his intent to excuse such conditioning, surely he would have mentioned this as an exception to the "other acts which could be misuse."

Rohm and Haas says (RB 42) that the Justice Department was not convinced by Mr. Rich's failure to confirm his 1949 position, pointing to the statement filed after the foregoing testimony (1951 Hearings at 206-208). But the objection stated there does not construe (d) to excuse conditioning a license; it only objects to the express approval of selling nonstaples while at the same time suing competitors who do so.

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Do not graze or use treated plants or gin trash for feed or forage. Keep livestock, poultry and pets off of treated areas. HI-YIELD® H-10 Containing T-49 is injurious to all plant foliage.

This product will kill fish and wildlife. Do not contaminate streams, lakes, ponds, woodlands or other non-crop areas. Birds and other wildlife in treated areas may be killed. Apply this product only as specified on this label.
Do not apply within four days of harvest.
WASTE DISPOSAL: Rinse spray equipment and containers and dispose of liquid wastes in a pit in non-cropland located away from water supplies.
CONTAINER DISPOSAL: Rinse empty container thoroughly with water and discard it.

POISON ☠ POISON

ANTIDOTE:
INTERNAL: Call a physician immediately. Give a tablespoon of salt in a glass of warm water and repeat until vomit fluid is clear. Then give 2 tablespoons of Epsom Salts or Milk of Magnesia in water and plenty of milk and water. Have victim lie down and keep quiet.

EXTERNAL: In case of spillage on skin, wash promptly with soap and water.
NON-WARRANTY: Follow directions carefully. Timing and method of application, weather and crop conditions, mixtures with other chemicals not specifically recommended, and other influencing factors in the use of this product are beyond the control of the seller. Buyer assumes all risks of use, storage or handling of this material not in strict accordance with directions given herewith.

PATENT NOTICE:
The use of arsenic acid as a harvest aid for cotton is protected by U.S. Patent 3,130,035. The buyer is licensed, for a royalty which has been included in the purchase price, to use the contents of this container as a cotton harvest aid according to the above patent. Royalty will be refunded if this material is not used for that purpose. Licenses at the same royalty rate to use arsenic acid obtained from any source are available directly from the patent owner, Pennsalt Chemical Corporation, Tacoma, Washington.

EPA Reg. No. 7401-195

! AROUND THE HOME
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Teepe

The use of the within-contained material for systemically protecting living plants is covered by Patent No. 3,210,242. The selling price includes a royalty for the right of any purchaser of said material to practice the methods claimed in said patent. A nontransferable license under said patent may be obtained from American Cyanamid Company on current royalty terms whatever the source of material used.

FOREST INSECTS

Do not apply to Pine Trees used for Pine Nut or Pinyon Nut Production.

Tree	Pests Controlled	Rate	Directions
Pinyon pine	Pinyon needle scale	2 gals. in 100 gals. water	Apply spray to egg masses at the base of the trees and to all rough bark and crotches that can be reached from the ground. Make this bark application when crawlers start to emerge from the eggs. Use hydraulic or back-pack sprayer. Do not spray leaves or needles since phytotoxicity may result.
Douglas fir	Fir cone midge	½ gal. in 100 gals. water	Make thorough coverage application when cones are closed and pendant. Use hydraulic or back-pack sprayer.
Pines	Loblolly pine sawfly	¼ to ½ pt./acre in 2 gals. water	Apply by aircraft when air is calm and the temperature is below 68°F. Apply when most larvae are in the second and third instars.

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NONBEARING AND NURSERY STOCK

Consult your state agricultural experimental station or state agricultural extension service for proper timing of applications.

Plant	Pests Controlled	Amount
CITRUS: (California, Arizona)	Aphids Thrips	Foliar Spray: 1 pint CYGON 400 per 100 gallons of water. Repeat applications as necessary. May be applied in the year grapefruit, lemon, orange and tangerine trees begin to bear fruit. Do not enter treated groves within 4 days of last application.
		Soil Drench (Trees 1 to 3 years old): 2 quarts CYGON 400 per acre applied in the furrow or basin around the base of tree. Apply when insect injury to new growth appears. Do not apply to trees that will bear fruit within one year.

Toxic to birds and other wildlife. Keep out of lakes, streams or ponds. Do not apply where runoff is likely to occur. Do not apply when weather conditions favor drift from areas treated. Do not contaminate water by cleaning of equipment or disposal of wastes. Apply this product only as specified on this label.

This product is highly toxic to bees exposed to direct treatment or residues on crops. Protective information may be obtained from your Cooperative Agricultural Extension Service.

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CAUTION: Harmful if swallowed. Avoid contact with skin. Avoid breathing spray mist. Wash hands after using. Avoid storage near feed or food products. Keep children and domestic animals off treated areas until this material has been washed into the soil.

ANTIDOTE: If taken internally, induce vomiting and call physician at on

READ ENTIRE LABEL BEFORE USING THIS PRODUCT.

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CARE OF EQUIPME Althou LS-E otton t is only moderately corrosive, do not apply with plicato ha d zinc tin, minum.

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CONTAIN SPOS Do use on ash thor y with water and deter cru and dis in **wildlife and aquatic life,** Do not feed foli azo treated areas.

CTION BOLLS-EYE Co t harvest aid for the defoliation o on wi rial or pplica quipment. For the most effective defo good ge of a essent Nozzles mu be d to pr h cov foliage. If applied by airplane, use 5 to 10 g r per acre. ran ener ovide adequate coverage. If applied by ground equ spray volume 5 to s water per acre is preferred. With ground application equipment and at spray v gallons per acre, add 1/3 to 2/3 pints of a suitable surfactant.

DEFOLIATION OF AND COTTO pply 2 to 2.5 pints of BOLLS-EYE Cotton Defoliant per acre when 50% or f the bolls en and 7 to 10 days prior to anticipated picking.

DEFOLIATION OF IR D COTTO Apply 2.5 to 3 pints of BOLLS-EYE Cotton Defoliant per acre when 50 ore e bolls are open and 7 to 10 days prior to anticipated picking.

BOLLS-EYE Cotton Defoliant is ctured by The Ansul Company, Marinette, Wisconsin 54143.

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